

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF DELAWARE

IN THE MATTER OF:)
)
ALLEN J. FREID,)
) C.A. Nos. 91-10-07
Respondent.) 91-10-08
)

CONSENT ORDER

WHEREAS, it has been alleged by the Division of Securities of the Department of Justice of the State of Delaware that:

1. Allen J. Freid ("Freid") is a Delaware resident whose home address is

2. In the summer of 1990, Freid began trying to put together a pool of investors in the hope of making a profit for all the investors. It was anticipated that Freid would receive a small percentage of the profit from some of the investors.

3. On August 22, 1990, gave Freid a check in the amount of \$5,000.00 to invest in the pool, which Freid deposited into his personal account at the Bank of Delaware.

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5. The funds of Mr. and Mr. , along with the funds of other investors, were placed in an account (#) with a securities firm in Chicago, Lynn Waldock & Company.

6. Freid used the money in the account to buy and sell future contracts, and occasionally options, on commodities, stock

indexes, treasury bonds, and foreign currency. By January 1991 the account had sustained substantial losses, and additional money was required to pay off the debits. The debit balance on the last statement before the account was closed, dated May 20, 1992, was \$(2,905.10).

7. The solicitations described above constituted the "offering" of a "security" as those terms are defined in 6 Del. C. sec. 7302 of the Act. Specifically, these "individuals were led to invest money in a common enterprise with the expectation that they would earn a profit solely from the efforts of the promoter or someone other than themselves." SEC v. W. J. Howey Co., 328 U.S. 293, 298 (1946).

8. No applications for registration of securities or claims of an exemption from registration have been filed with the Division in connection with those transactions, as required by 6 Del. C. sec. 7304 of the Act.

9. Respondent is not a licensed broker-dealer, investment adviser, or agent to sell securities in Delaware as required by 6 Del. C. sec. 7313 of the Act.

WHEREAS, the Securities Commissioner for the State of Delaware issued an ORDER dated November 20, 1992 based, inter alia, on the above-allegations which required Respondent "to cease and desist from engaging in any violations of the Delaware Securities Act relating to the offer and sale of any security"; and

WHEREAS, Respondent acknowledges that he is entitled to a hearing in connection with the ORDER noted in the paragraph next preceding; and

WHEREAS, Respondent wishes to waive his right to that hearing and resolve this matter by consent; and

WHEREAS, Respondent agrees that this Stipulation and Consent Order constitutes a valid order and waives any right to separately stated findings of fact and conclusions of law; and

WHEREAS, Respondent admits the allegations contained herein.

WHEREAS, Respondent voluntarily and knowingly waives any right to contest the validity of the Order or any term, condition, or duty created in the Order, in any administrative or judicial forum, including appellate review thereof; and

WHEREAS, the Securities Commissioner finds that it is in the public interest to execute a Consent Order in connection with the instant matter:

NOW THEREFORE, it is hereby stipulated and ordered that:

(A) Respondent, his employees, agents or anyone acting at his instruction or on his behalf, shall cease and desist from hereafter engaging in any violations of the Delaware Securities Act.

(B) Respondent shall pay to the State of Delaware for the benefit of the Investor Protection Fund, 6 Del. C. sec. 7329, a fine in the amount of \$250.00. This fine is payable in full no later than sixty (60) days after the date this agreement is signed by the Commissioner.

(C) Respondent agrees not to apply for registration in Delaware in any capacity under the Securities Act of the State of Delaware, 6 Del. C. Ch. 73, for the period of five (5) years from the date of this order.

(D) Respondent agrees to pay partial restitution in the amount of \$2,000.00 to _____ upon signing of this Order.

(E) Respondent agrees to pay partial restitution in the amount of \$2,000.00 to _____ upon signing of this Order.

(F) Respondent irrevocably consents to appointment of the Securities Commissioner of the State of Delaware, or his successor in office, to be his attorney to receive service of any process or notice of proceeding relating to this order, or any proceeding relating to this order. Service upon the Securities Commissioner shall have the same force and validity as if served personally on Respondent. The State agrees to also send a copy of any service by registered mail to Allen J. Freid,

(G) Respondent agrees to perform one hundred (100) hours community service at Delaware Volunteer Legal Service of Delaware. In the event that Delaware Volunteer Legal Service of Delaware is not able to use his services, Respondent will perform community service at another charitable organization approved by the Securities Commissioner of the State of Delaware.

(H) The Securities Commission shall retain jurisdiction over Respondent and this proceeding for the purposes

of implementing this agreement. In the event the Commissioner finds that Respondent is in violation of this agreement, he may reopen this proceeding, reinstate charges, and modify this order based on the record before him. Respondent waives any defense regarding staleness or delay in the event the proceeding is reopened and charges are reinstated. This proceeding shall be dismissed upon Respondent's compliance with all conditions of this Stipulation and Consent Order.

(I) Respondent waives and releases the State of Delaware and its agents, representatives and employees from any and all causes of action that he now has or may have in the future, including but not limited to, any actions for liability, slander, violation of a constitutional protected right, tortious interference with an advantageous contractual relationship, and the like arising out of this administrative action. The State of Delaware accepts this release without acknowledging that any such cause of action exist.

(J) This agreement is contingent upon the approval of the Securities Commissioner of the State of Delaware as to form and substance.

IN WITNESS WHEREOF the parties have signed the Stipulation
and Consent Order effective on the last date executed below.

Allen J. Freid
Allen J. Freid
Respondent

Dated: 9/3/93

Gregg E. Wilson
Gregg E. Wilson
Deputy Attorney General

Dated: 9/3/93

IT IS SO ORDERED this 3d day of September, 1993.

Richard W. Hubbard
Richard W. Hubbard
Securities Commissioner